



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

The Honorable David Obey
Ranking Minority Member
Committee on Appropriations
U.S. House of Representatives
H-218 Capitol Building
Washington, DC 20515-6015

Dear Representative Obey:

Senate Report 106-161 accompanying the Fiscal Year 2000 Departments of Veterans Affairs, Housing and Urban Development and Independent Agencies Appropriations Act (Public Law 106-74) requires that the Office of Multifamily Housing Assistance Restructuring (OMHAR) provide quarterly reports on the status of the Mark-to-Market program (M2M). I am pleased to submit the report for the second quarter of FY 2000 with this letter.

OMHAR has signed Portfolio Restructuring Agreements with 42 public Participating Administrative Entities (PAE's) and six non-public PAE's. Through March 31, 2000, a total of 1,075 properties have been assigned to PAE's for processing. In addition, all PAE's have received advanced training on the M2M program, and 20 have received intensive, hands-on training focused on the analysis and processing of transactions.

Through March 31, 2000, a total of 122 properties completed the M2M review process. Adjusting the rents of these properties to market levels will reduce section 8 outlays by approximately \$10.7 million annually, or more than \$214 million over the next 20 years.

The Final Rule for the M2M program was published in the Federal Register on March 22, 2000. The Final Rule implements the procedures through which section 8 rents for projects will be reduced. Previously OMHAR had been operating under an interim rule that took effect on October 11, 1998.

The preceding accomplishments indicate that the Mark-to-Market program is well underway and that the goals of the Multifamily Assisted Housing Reform and Affordability Act of 1997 are being attained. Based on workload projections, OMHAR's FY 2000 third quarter report will present significantly greater rent savings and program accomplishments.

Please feel free to contact me with any questions or comments you may have regarding the Mark-to-Market (M2M) program. Your continued interest in and support of the M2M program at the Department of Housing and Urban Development is appreciated greatly.

Sincerely,

Ira G. Peppercorn
Director

cc: The Honorable John J. LaFalce